

February 3, 2012

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VIA ELECTRONIC FILING

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Also Admitted in SC

Ms. Jocelyn G. Boyd
Chief Clerk and Administrator
The Public Service Commission of South Carolina
Synergy Business Park
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Piedmont Natural Gas Company, Inc., Docket No. 2012-____-G
Residential Service – Value Rate

Dear Ms. Boyd:

In conjunction with its analysis of a recent complaint proceeding before the PSCSC in Docket No. 2012-19-G, Piedmont Natural Gas Company, Inc. has determined that its current Residential Service – Value Rate schedule may have the unintended effect of “penalizing” a small number of residential customers in some circumstances. Specifically, residential customers who would otherwise qualify for Piedmont’s Value Rate but who reduce their natural gas usage through the installation of a tankless natural gas water heater may, in some circumstances, be shifted to our Standard Rate schedule. In order to avoid this disincentive to reduce natural gas consumption through the installation of tankless natural gas water heaters, Piedmont is proposing a minor change in its South Carolina Service Regulations reflected on the attachment hereto. This change clarifies that customers who install tankless natural gas water heaters will automatically qualify as Value Rate customers without regard to such customers’ other usage parameters.

Piedmont’s proposed tariff change will benefit those customers who have taken affirmative steps to reduce their natural gas usage through the purchase of a tankless water heater and will not harm other customers. Piedmont respectfully requests approval of the proposed tariff revisions effective with the first billing cycle in March, 2012.

Ms. Jocelyn G Boyd

February 3, 2012

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Thank you for your assistance with this matter. If you have any questions regarding this matter, you may reach me at the number shown above.

Sincerely,

Moore & Van Allen, PLLC

s/ Scott M. Tyler

Scott M. Tyler

Enclosures

c: Office of Regulatory Staff
Mr. David Carpenter
Ms. Pia Powers
Mr. Jim Jeffries

STATE OF NORTH CAROLINA

VERIFICATION

COUNTY OF MECKLENBURG

Pia Powers, being duly sworn, deposes and says that she is Manager – Regulatory Affairs of Piedmont Natural Gas Company, Inc., that as such, she has read the foregoing Petition and knows the contents thereof; that the same are true of her own knowledge except as to those matters stated on information and belief and as to those she believes them to be true.

Pia Powers

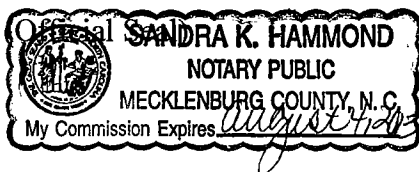
Pia Powers

Mecklenburg County, North Carolina

Signed and sworn to before me this day by Pia Powers.

Date: February 2, 2012

Sandra K. Hammond
Sandra K. Hammond, Notary Public



My commission expires: August 4, 2013

**TARIFF REVISION
RED-LINED VERSION**

**PIEDMONT NATURAL GAS COMPANY
SOUTH CAROLINA SERVICE REGULATIONS**

Step 1. During the month of September of each year, the Company will determine for each customer served under Rate Schedules 201 and 221 the customer's Base Load Usage during each month of the Company's Residential Base Load Period.

Step 2. A Rate Schedule 201 Customer whose base load usage during each month of the Residential Base Load Periods of the most recent two years is less than 15 therms will be transferred to Rate Schedule 221. A Rate Schedule 221 Customer whose base load usage is equal to or greater than 15 therms in either month of the Residential Base Load Period of the most recent past year will be transferred to Rate Schedule 201.

All changes in rate classification under this section shall be effective on the first day of November following the most recent Residential Base Load Period.

C. Exceptions:

- (1) New Customers will be assigned a Residential Rate Classification according to their reasonably anticipated base load usage associated with the type and number of appliances installed at the customer's premise prior to the gas meter being set and turned on.
- (2) Existing Customers currently being billed under Rate Schedule 221 who add a piece of natural gas equipment that will clearly increase the Customer's base load usage to a level that will qualify that Customer for Rate Schedule 201 may, upon notification to the Company and subject to verification by the Company, be transferred to the new Rate Schedule prior to November 1.

~~(2)~~(3) All Residential Customers who receive a rebate for the purchase and installation of a qualifying natural gas tankless water heater pursuant to the Company's High Efficiency Equipment Rebate Program or who otherwise make known to the Company that they operate for their premise a natural gas tankless water heater, shall be billed under Rate Schedule 201.

35. Commercial Rate Service Classification. Commercial Rate Service Classification under the Company's Rate Schedules 202, 232, 252 and 262 shall be based on the following criteria:

Issued by Thomas E. Skains, Chairman, President and CEO
Issued to comply with authority granted by
The Public Service Commission of South Carolina
Docket No. 2012-19-G~~09-4-G~~
Issued: ~~June 11,~~ February 1, 2012
Effective: ~~September 1, 2009~~ March 1, 2012

**TARIFF REVISION
CLEAN VERSION**

**PIEDMONT NATURAL GAS COMPANY
SOUTH CAROLINA SERVICE REGULATIONS**

Step 1. During the month of September of each year, the Company will determine for each customer served under Rate Schedules 201 and 221 the customer's Base Load Usage during each month of the Company's Residential Base Load Period.

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